

Reclamation Manual

Directives and Standards

Subject: Participation of Water and Power Contractors in Operation and Maintenance (O&M) Program Formulation

Purpose: To establish a Reclamation-wide process that provides water and power contractors the opportunity to participate in O&M program formulation processes that directly impact them.

Authority: Energy and Water Development Appropriations Bill, 1998 and the Commissioner's memorandum dated September 18, 1998.

Contact: Office of Policy, D-5500

1. **Background.** The House Report 105-190 on the Energy and Water Development Appropriations Bill, 1998 states, in part:

“The Committee strongly encourages the Bureau of Reclamation to create new opportunities for water and power contractors to participate in the review and development of O&M budget priorities for their respective Bureau of Reclamation projects.”

The Statement of the Managers accompanying the FY 1998 Conference Report for the Energy and Water Development Appropriations Bill reiterated the support of the Conference Committee for this provision. Contractor involvement assists in Reclamation's effort to deliver quality services in the most efficient and economic manner. Reclamation has been working closely with many of its contractors and contractor organizations (i.e., water and power contractors) for several years in the formulation of the O&M program. Reclamation needs to continue with activities that are responsive and helpful.

As set forth in a memorandum dated September 18, 1998, from the Commissioner to all Regional Directors, Area Managers, and Project Managers; in response to the Committee's direction; and as an expansion of current efforts already underway, Reclamation is establishing this contractor involvement directive for use by Regional and Area Offices in the management of their project O&M responsibilities. This directive will be used as a framework in working with contractors who are interested in the development and implementation of the O&M program.

2. **Definitions.**

- A. **Contractor.** Water or power user organization that has an active repayment or water service contract with Reclamation or with the Federal Power Marketing Administration and shares in the responsibility of operating and maintaining Federal projects or facilities managed by Reclamation.
- B. **O&M Program.** Annual O&M activities planned and accomplished by Reclamation personnel (or by contract with Reclamation) to ensure the structural integrity, operational reliability, and continued longevity of Federal project features or works.

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3. **Implementation.** In carrying out this directive, program managers will:
- A. Contact contractors to determine their willingness to participate in Reclamation project O&M formulation for those parts of projects or facilities in which they share O&M costs with Reclamation.
 - B. Provide contractors with the opportunity to assist in formulating those parts of projects or facilities O&M activities, cost estimates, and setting priorities in which the contractors share in the responsibility or pay a portion of the O&M cost with Reclamation.
 - (1) The focus will be on the O&M activities being formulated in the respective Region where the project is located (Budget Year + 2 years). The input of information may cover 4 years, including the prior year's actual expenditures, but current year program, the President's budget for the next fiscal year (Budget Year), and the Budget Year +2 year projections. This gathering and exchange of information with the contractors will be during the August to September timeframe.
 - (2) Using FY 1998 as an example, the information would cover FY 1997 actual expenditures, FY 1998 program, FY 1999 President's budget, and program projections for the FY 2001 budget year. The FY 2000 budget would be in embargo status, and therefore unavailable to contractors (see table below as further reference). As part of the process, Area Office program managers are to be prepared to explain shifts and changes in priority from projected expenditures to actual expenditures for the prior year.

Reference for August/September 1998 Timeframe

Fiscal Year	Time Period	Budget Nomenclature and Status
1997	10-1-96 / 9-30-97	Prior Year - Completed (Actual)
1998	10-1-97 / 9-30-98	Current Year - Program being carried out
1999	10-1-98 / 9-30-99	Budget Year - Pending in Congress
2000	10-1-99 / 9-30-2000	Budget Year + 1 year - Under review within Department and Office of Management and Budget (embargoed)
2001	10-1-2000 / 9-30-2001	Budget Year + 2 years - Under development within Region

- C. Provide interested contractors the opportunity, within a reasonable timeframe (a minimum of 15 working days), to review and comment on applicable work plans and

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preliminary cost estimates. Responses will be provided to contractors that address their comments within stipulated or agreed upon timeframes for review.

- D. Notify interested contractors of any changes in the applicable work plans or final cost estimates:
 - (1) After the Regional budget deliberations (for example: the Regional deliberations on the FY 2001 budget normally take place between October 1998 and January 1999) and
 - (2) before the Budget Review Committee (BRC) Regional meetings (2001 BRC Regional meetings normally occur in March 1999).
- E. Honor Executive Branch guidelines on nondisclosure of budget materials after the Regional budget deliberations and until the President's budget goes to the Congress (for the FY 2001 budget this will be in February 2000).
- F. Review budget information with the contractors, as requested, after the Congress receives the President's budget so that there is an understanding of Reclamation's proposed Budget Year + 2 year program.
- G. Communicate to contractors that due to situations where Reclamation has no control, the timeframes and review processes may be shortened or lengthened in order to be responsive to the Congress or the Department of the Interior.